



ISO 27001 Certified

# National Clearing Company of Pakistan Limited

8th Floor, Karachi Stock Exchange Building, Stock Exchange Road, Karachi

NCCPL/CM/April-16/11  
April 26, 2016

### Transfer of Risk Management Function to NCCPL

Dear Clearing Members,

1. This is with reference to our Circulars issued to the Clearing Members pertaining to the Transfer of Risk Management Function from the Pakistan Stock Exchange (PSX) Limited to the National Clearing Company of Pakistan Limited (NCCPL). In this respect, Go-Live Date of such transfer **will be Monday, May 02, 2016.**
2. For smooth transfer and to avoid any inconvenience to the Broker Clearing Members (BCMs), we have already requested BCMs to provide necessary information for the preparation of Tripartite Agreement to be signed by the BCMs, NCCPL and their respective settling bank(s) for cash management. The BCMs who have not yet provided such information are advised to expedite matter at the earliest. For those BCMs who have provided such information are advised to collect their Tripartite Agreement from NCCPL and send us the same duly signed by the Authorized Signatories. BCMs are advised to execute such Tripartite Agreement till **Friday, April 29, 2016.** Failing to do so, the automated cash management system would not be activated and such BCM will be subject to manual deposit and withdrawal.
3. We have also requested BCMs to provide us the undertakings for the management of collateral through our Circular NCCPL/CM/APRIL-16/08 dated April 20, 2016. Those BCMs who have not yet provided relevant undertaking to NCCPL are advised to provide us the same till **Friday, April 29, 2016**
4. Those BCMs who have deposited Irrevocable Bank Guarantee to the PSX and intend to continue the same with the NCCPL were requested to provide us the revised Bank Guarantee as per the format provided to BCMs through our Circular NCCPL/CM/APRIL-16/08 dated April 20, 2016. However, we have not yet received any such Bank Guarantee from the BCMs. In order to expedite the process, NCCPL is liaising with the banks who had issued Bank Guarantees in favor of PSX, to issue an addendum whereby, the Bank Guarantee will be endorsed in favor of NCCPL with reference to NCCPL Regulations.

Those BCMs who wish to continue their existing Bank Guarantee in favor of NCCPL may provide us the addendum to Irrevocable Bank Guarantee as per the format attached as Annexure -A. Please note that effective from **Monday, May 02, 2016,** Irrevocable Bank Guarantee provided to PSX will not be accounted for in the NCCPL risk management system. To avoid any inconvenience, respective BCMs are advised to deposit requisite collateral in replacement of such Bank Guarantee till **Friday, April 29, 2016.**

For any further queries or concerns, please feel free to contact the Customer Support Department of your respective locations:

City	Telephone Number	UAN Number	Fax Number
Karachi	021-32460811-19 Ext. 214, 217 & 218 Dir. 021-32438531-32-33	021-111-111-622	021-32462825
Lahore	042-36280815-7		042-36280818
Islamabad	051-2895460-62		051-2895463

Regards,

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**Rehan Saif**  
Head of PD & CSS

CC:

1. Executive Director – Policy, Regulation and Development Department - SMD  
Securities and Exchange Commission of Pakistan - Islamabad
2. Managing Director – Pakistan Stock Exchange Limited

## Annexure - A

Bank Guarantee no. : \_\_\_\_\_  
Bank Guarantee Amount : Rs \_\_\_\_\_  
Original Date of Issue : \_\_\_\_\_  
Date of Extension : \_\_\_\_\_  
Effective Date : \_\_\_\_\_  
Expiry Date : \_\_\_\_\_

### ADDENDUM TO IRREVOCABLE BANK GUARANTEE ISSUED BY \_\_\_\_\_ BANK

This addendum to IRREVOCABLE BANK GUARANTEE is made and executed on this \_\_\_\_\_, 20\_\_.

The Clearing Members in accordance with the NCCPL Regulations are required that the Bank amends this IRREVOCABLE BANK GUARANTEE by issuing an addendum and transfers it in favour of the Company in the form herein.

Under the terms defining the parties to the Irrevocable Bank Guarantee, following clause shall be **deleted**:

KARACHI STOCK EXCHANGE COMPANY LIMITED, a Stock Exchange Company incorporated under the Laws of Pakistan, having its registered office at Stock Exchange Company Building, Stock Exchange Company Road, Karachi, Pakistan (herein after referred to as the "Stock Exchange Company", which expression shall, wherever the context so requires, means and include its successors-in-interest and permitted assigns);

Following new clause shall be **added**:

NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED, a company incorporated in Pakistan under the Companies Ordinance, 1984, having its registered office at 8th Floor, Stock Exchange Building, I.I.

Chundrigar Road, Karachi, Pakistan (hereinafter referred to as the “Company”, which expression shall, where the context so admits, include its successors-in-interest and assigns):

Under the preamble to the Irrevocable Bank Guarantee under the heading “whereas”, Following clause shall be **deleted**:

WHEREAS:

- (a) The Stock Exchange has been registered under the Securities and Exchange Ordinance, 1969 and has made available facilities, among others, for dealing in securities and, for risk management and settlement of contracts, trades and transactions in respect of securities and for execution of transactions through Karachi Automated Trading System under and in terms of its various regulations framed for these purposes (hereinafter referred as the “Regulations”, which term shall also include Board Decisions, Notices, all amendments, modifications and additions therein from time to time and any new Regulations made in substitution therefor);

Under the preamble to the Irrevocable Bank Guarantee under the heading “whereas”, Following new clauses shall be **added**:

- a) The Company has been formed under the authorization of the Securities and Exchange Commission of Pakistan and, in terms of such authorization, has established a National Clearing and Settlement System (hereinafter referred to as “NCSS”) for the settlement of contracts and transactions in respect of securities transaction and in terms of the National Clearing Company of Pakistan Limited Regulations of the Company (hereinafter referred as the “NCCPL Regulations”, which term shall include all amendments, modifications and additions therein from time to time and any new Regulations made in substitution therefor) and has been authorised under Securities Act, 2015, to perform the comprehensive risk management with respect to all the relevant trades and transactions executed at the exchange in accordance with the Securities Act, 2015, the NCCPL Regulations and the NCSS Procedures;

Under the clause 1 to the Irrevocable Bank Guarantee under the heading “Interpretation”, following two sub-clauses shall be added as follows:

- 1.3 “NCCPL Documents” means and includes (1) the relevant provisions of Securities Act, 2015, (2) the NCCPL Regulations, (3) the NCSS Procedures, (4) the Clearing Member Agreement, along with necessary Addendums, (5) the Tripartite Agreement entered into by a Clearing Member with the Company and the Settling Bank, or any one or more of such NCCPL Documents.
- 1.4 “Broker Clearing Member” means a TRE Certificate Holder of Stock Exchange admitted as a Clearing Member under NCCPL Regulation 5.1.1(a);

1.5 “Clearing Member” means a Clearing Member admitted as a Clearing Member under NCCPL Regulation 5.1.1(a)

Terms referring to the Regulations of the Stock Exchange shall, unless otherwise the context so requires, means reference to the NCCPL Documents.

Terms referring to the Stock Exchange shall, unless otherwise the context so requires, means reference to the Company.

Terms referring to the TRE Certificate Holder shall, unless otherwise the context so requires, means reference to the Clearing Member.